

8. Basic Management Policy

The Fujitsu Group continually seeks to create new value by providing customers with comprehensive solutions comprising highly reliable, high-performance products and services based on powerful technologies. Through this, we aim to grow, realize profits and foster mutually beneficial relationships in our communities worldwide. Based on a thorough understanding of the environments in which our customers operate and the business challenges they face, we create and deploy IT solutions that contribute to the growth and development of their businesses.

In so doing, we seek, both in our global operations and in deeply rooted regional operations, to be a trusted partner to our customers as we contribute to their business and grow together with them.

Medium-Term Business Strategy, Target Management Index, and Priority Tasks

IT investment, particularly in services, is steadily increasing in the US and Europe. Economic growth is driving brisk IT investment in Asia, with the exception of Japan. In Japan, the principal market of the Fujitsu Group, modest growth has been achieved in recent years, primarily due to IT services, but on the whole IT investment lacks the vigor seen in overseas markets. In product business areas, while worldwide sales volumes are increasing, we foresee continuing challenges in the business environment. Key issues are a demand shift toward lower-priced products as performance levels improve in such products as servers and networking equipment, as well as downward pressure on pricing as competition intensifies in electronic devices and components such as hard disk drives (HDDs).

In order to improve profitability in this environment, we will focus on achieving greater overall operational efficiency. Growth will be achieved by expanding our overseas business and further strengthening our high value-added product and services offerings.

The Fujitsu Group is aiming for a consolidated operating income margin of more than 5% for fiscal 2009 ending March 31, 2010.

1. Technology Solutions

The Fujitsu Group aims to grow by expanding global services offerings based on a foundation of advanced technologies and high-quality products. In our services business, we are bolstering our capabilities outside Japan. In the US, in order to strengthen our risk-management and other consulting services and expand into new areas, such as SaaS^{*1}, we will continue to pursue corporate acquisitions. In the EMEA region, the Group has an excellent record in outsourcing business with public-sector customers in the UK, but the current aim is to expand our business with private corporations and enhance our capabilities over the entire European continent through acquisitions and other strategies that bolster our presence in the regional services business. In the APAC region, in addition to working to expand business with local corporations, the Group will move ahead with building offshore locations in India and China. In our System Platforms business, besides endeavoring to expand sales of products on a global basis, we will work to create more competitive products by strengthening the links between development and sales units.

Our customers expect us to optimize their entire businesses by utilizing IT, not simply to optimize their IT systems. The Fujitsu Group is expanding the scope of its business by promoting the concept of “Field Innovation,” which aims to visualize and continually improve customers’ business processes. While working to develop new technologies useful to Field Innovation, we are developing a cadre of “Field Innovators” who combine a deep understanding of our customers’ operations with an ability to suggest improvements from a business perspective.

We will also further strengthen our efforts to boost operational efficiency. Reforms based on the Toyota Production System are taking root, particularly in our manufacturing divisions. We will continue this initiative as we move ahead in applying it to software development. The Group is also promoting initiatives to standardize and “industrialize” services. We have concentrated system engineers in charge of infrastructure systems at the newly established Infrastructure Technology Center in a bid to gather all our know-how in this area into one site and standardize our operational processes. The result will be faster delivery, more reliable systems, and lower costs. Moreover, in regard to proposals for systems business, we are working to improve efficiency and quality of our system development by collecting and standardizing identifiable patterns derived from analysis of past business proposals.

*1 SaaS: Software as a Service. A software services model in which software functions running on a server are distributed through an online network.

2. Ubiquitous Product Solutions

The Group strategy in the Ubiquitous Product Solutions segment is for each of the product groups to pursue global operations as independent businesses. In PCs, we aim to increase profitability by differentiating our products in terms of quality, security, and multimedia functionality while, at the same time, globally expanding our sales. We see mobile phones as a nexus for wireless and other cutting-edge technologies, and we have positioned mobile phones as key devices for the future ubiquitous networking world. In this regard, the Group will pursue an enhanced growth strategy that leverages the anticipated convergence of mobile phones and PCs. In HDDs, we are maintaining our reputation for high quality, while accelerating the launch of new technologies, such as perpendicular magnetic recording, and raising cost-competitiveness to strengthen profitability.

3. Device Solutions

In Device Solutions, the Group will follow a strategy of business expansion by maintaining a balance of standard- and advanced-technology logic products. In order to achieve global expansion, we will be making further efforts to enhance our sales capabilities, particularly in Asian markets. For standard logic, we acquired production facilities from Spansion Japan Ltd. in order to expand front-end fabrication capacity. The Group is also consolidating back-end assembly operations in order to raise overall manufacturing efficiency. In advanced logic, we are stepping up efforts to strengthen our “New IDM” model, by which we provide a unified design-to-manufacture service, by reinforcing our software development capability. In addition, we will look to enhance synergies with subsidiaries in order to provide not simply chips, but total solutions at the component level, including modules and boards. With respect

to capital investment, we will periodically review investment decisions for additional advanced logic LSI production capacity, taking into account trends in demand.

4. Corporate Initiatives

In addition to the measures described above, in order to accelerate overall global business growth, the Fujitsu Group will continue to make selective acquisitions, leverage the skills and expertise of managers from outside of Japan, and further strengthen business alliances with leading vendors outside Japan.

While continuing to promote Group-wide manufacturing innovation initiatives, we will carry on with global efforts to eliminate waste, reduce costs, and promote environmental responsibility in every facet of corporate activity.

The Group is also striving to create new sources of revenue by offering, as services to outside customers, expertise in internal process areas in which the Fujitsu Group has distinctive competencies. To this end, in October 2007 we spun off our shared technology and design divisions as separate companies.

In regard to environmental protection, we have established the Fujitsu Group Environmental Protection Program (Stage V), which sets forth the challenges and targets for our environment protection activities in the period spanning fiscal years 2007 through 2009. The program calls for increasing the environmental value of our products and services, including efforts to increase the number of “Super Green” products that we offer. Giving high priority to global warming countermeasures, the program expands upon the efforts made to date in addressing production infrastructure at factories by establishing similar evaluation standards for environmental protection at office locations. We are also promoting the development of products and environmental solutions that consume less power in order to help customers lower their carbon dioxide emissions.

As we strive to meet the challenges discussed above, we will aim to be a trusted partner to our customers and, as a global company contributing to the creation of a rich and vibrant networking society, continue to earn the confidence of customers and society as a whole.

Policy on Dividends

Article 41 of Fujitsu Limited’s Articles of Incorporation grants the Board of Directors the authority to distribute retained earnings. As part of Fujitsu’s basic policy on the exercise of this authority, we believe that a portion of retained earnings should be paid to shareholders to provide a stable return, and that a portion should be retained by the company to strengthen its financial base and support new business development opportunities that will result in improved long-term performance. In addition, taking into consideration the level of profits, Fujitsu aims to increase the distribution of profits to our shareholders when the financial base is sufficiently strong enough, including through share buybacks.

On an unconsolidated basis, Fujitsu posted a net loss in the fiscal year ended March 31, 2007, resulting in a deterioration of shareholders’ equity. We believe, however, that our earnings are on a

recovery path and anticipate being able to generate stable earnings and cash flow going forward. Therefore, for the fiscal 2007 first-half period, we plan to pay an interim dividend of 3 yen per share in order to maintain our policy of paying stable dividends on an ongoing basis. In order to pay interim dividends for the first half out of retained earnings, Fujitsu is preparing a special accounts settlement report using, in accordance with Article 441 of Japan's Corporate Law, the last day of the first-half period, September 30, 2007, as the special accounts settlement date.

With respect to the disposition of profits, we intend to continue to pay dividends twice a year, at the end of the first half and the end of the fiscal year.